trained in specialized areas like Project Management under Farm and Non-farm sectors, Asset-liability Management, Fund Management, apart from training in the areas of Internal Control, MIS, Personnel Management and Industrial Relations.

5. Revised instructions were issued for maintenance of SLR by RRBs requiring them to maintain their SLR only in Government and other approved securities.

6. In respect of loss incurring RRBs, Sponsor Banks have been advised to evolve Bank Specific Strategic Plan for attainment of viability in a fixed time frame.

7. RBI has constituted an Empowered Committee in its Regional offices with members drawn from NABARD, sponsor banks, convenors of SLBCs and State Governments to ensure that RRBs adhere to good governance and comply with prudential regulations. The Committee would also focus on operational issues and provide clarification on regulatory issues.

Bilateral Investment Protection Agreement with Singapore

2881. SHRI RAMA MUNI REDDY SIRIGIREDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that India and Singapore have signed a Bilateral Investment Protection Agreement and Double Taxation Avoidance Agreement;

(b) if so, the details thereof;

(c) whether there has been a proposal to allow some of the Singapore banks to open branches in India as a part of this agreement; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) India and Singapore have signed a Comprehensive Economic Cooperation Agreement (CECA) on 29th June 2005 which entered into force on 1st August 2005. The Agreement, *inter-alia,* contains a chapter on investment that provides for reciprocal protection of investments in the two countries. Chapter 6 of the CECA is available at the website of Ministry of Commerce and Industry *viz.* http:/www.commerce.nic.in/ceca/ch6.pdf.

The Agreement for Avoidance of Double Taxation and prevention of fiscal avation was signed between India and Singapore on 24th January 1994. This Agreement has been amended by a Notification along with Protocol published on 18th July 2005 and the same has entered into force on 1st August 2005. A copy of the Protocol is placed as Statement. (*See* below)

(c) and (d) CECA with Singapore provides, that the three Singapore banks namely DBS Group Holdings Ltd., United Overseas Bank Ltd. and Overseas Chinese Banking Corporation Ltd. can establish (a) wholly owned subsidiary or (b) operate through branches in India or (c) establish a joint venture company in India, to supply banking services in India, following one mode of presence.

The Singapore Banks are permitted to open up to 15 Branches over a 4 year period.

Statement

Copy of the Protocol and Notification with regard to Taxes on Income

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II-SECTION 3, SUB-SECTION (II)]

Ministry of Finance
Department of Revenue
Foreign Tax Division

NOTIFICATION

New Delhi, the 18 July, 2005.

INCOME-TAX

S.O. 1022(E).—Whereas the annexed Protocol amending the Agreement between the Government of the Republic of India and the Government of the Republic of Singapore for The Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income shall enter into force on 1st August, 2005 under Article 7 of the Protocol amending the Agreement for giving effect to the provisions of the said Protocol;

Now, therefore, in exercise of the powers conferred by section 90 of the Income-Tax Act, 1961 (43 of 1961), the Central Government hereby

directs that all the provisions of the said Protocol amending the Agreement between the Government of the Republic of India and the Government of the Republic of Singapore for The Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income shall be given effect to in the Union of India with effect from the 1st day of August, 2005.

[Notification No. 185/2005/F.No. 500/139/2002-FTD]
Poonam Dutt, Jt. Secy.

PROTOCOL AMENDING THE AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE AND THE GOVERNMENT OF THE REPUBLIC OF INDIA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME SIGNED IN INDIA ON 24TH JANUARY 1994

The Government of the Republic of Singapore and the Government of the Republic of India,

Desiring to conclude a Protocol to amend the Agreement between the Government of the Republic of Singapore and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed in India on 24th January 1994 (hereinafter referred to as "the Agreement"),

Have agreed as follows

ARTICLE 1

Paragraphs 4, 5 and 6 of Article 13 (Capital Gains) of the Agreement shall be deleted and replaced by the following:

"4. Gains derived by a resident of a Contracting State from the alienation of any property other than those mentioned in paragraphs 1, 2 and 3 of this Article shall be taxable only in that State."

ARTICLE 2

With regard to the Article on "Exchange of Information" (Article 28), on a request made by a Contracting State, the Revenue Authority

of the other Contracting State shall collect, and share with the first mentioned Contracting State, through its Competent Authority, whatever information that it is competent to obtain for its own purposes under its law.

ARTICLE 3

1. A resident of a Contracting State shall not be entitled to the benefits of Article 1 of this Protocol if its affairs were arranged with the primary purpose to take advantage of the benefits in Article 1 of this Protocol.

2. A shell/conduit company that claims it is a resident of a Contracting State shall not be entitled to the benefits of Article 1 of this Protocol. A shell/conduit company is any legal entity falling within the definition of resident with negligible or nil business operations or with no real and continuous business activities carried out in that Contracting State.

3. A resident of a Contracting State is deemed to be a shell/ conduit company if its total annual expenditure[1] on operations in that Contracting State is less than S$200,000 or Indian Rs. 50,00,000 in the respective Contracting State as the case may be, in the immediately preceding period of 24 months from the date the gains arise.

4. A resident of a Cotnracting State is deemed not to be a shell/ conduit company if

(a) it is listed on a recognised stock exchange[2] of the Contracting State; or

[1] The term "annual expenditure" means an expenditure incurred during a period of 12 months. The period of 24 months shall be calculated by referring to two block of 12 months immediately preceding the date when the gains arise.

[2] Recognised Stock Exchange refers to

a) in the case of Singapore, the securities market operated by the Singapore Exchange Limited, Singapore Exchange Securities Trading Limited and the Central Depositary (Pte) Limited; and

b) in the case of India, a stock exchange recognised by the Securities and Exchange Board of India.

(b) its total annual expenditure on operations in that Contracting State is equal to or more than S$200,000 or Indian Rs. 50,00,000 in the respective Contracting State as the case may be, in the immediately preceding period of 24 months from the date the gains arise.

(Explanation:—The cases of legal entities not having bonafide business activities shall be covered by Article 3.1 of this Protocol.)

ARTICLE 4

Paragraph 2 of Article 12 (Royalties and Fees for Technical Services) of the Agreement shall be deleted and replaced by the following paragraph:

"2. However, such royalties and fees for technical services may also be taxed in the Contracting State in which they arise and according to the laws of that Contracting State, but if the recipient is the beneficial owner of the royalties or fees for technical services, the tax so charged shall not exceed 10%."

ARTICLE 5

It is agreed that there shall be an inter-governmental group consisting of representatives of the revenue authorities of the two Contracting States which shall review the working of the provisions of this Protocol at least once a year or earlier at the request of either Contracting State and may make recommendations for improvements including improvements to the provisions of this Protocol.

ARTICLE 6

Articles 1, 2, 3 and 5 of this Protocol shall remain in force so long as any Convention or Agreement for the Avoidance of Double Taxation between the Government of the Republic of India and the Government of Mauritius provides that any gains from the alienation of shares in any company which is a resident of a Contracting State shall be taxable only in the Contracting State in which the alienator is a resident.

ARTICLE 7

This Protocol, which shall form an integral part of the Agreement, shall come into force on 1 August, 2005.

IN WITNESS WHEREOF, the undersigned, being duly authorized by their respective Governments, have signed this Protocol.

Done at New Delhi, India, this twenty-ninth day of June, 2005, in two originals in English language, each text being equally authentic.

FOR THE GOVERNMENT OF THE REPUBLIC OF INDIA:	**FOR THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE:**
KAMAL NATH MINISTER FOR COMMERCE AND INDUSTRY	LIM HNG KIANG MINISTER FOR TRADE AND INDUSTRY

Second phase of tax information network

2882. SHRIMATI VANGA GEETHA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have initiated second phase of Tax Information Network; if so, the details thereof; and

(b) the expenditure sanctioned for the three years period?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir. Phase II of the Tax Information Network (TIN) was launched in July, 2005. It consists of facilities for dematerialization of Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) certificates and for electronic filing of Annual Information Returns.

(b) An expenditure of Rs. 101.25 crore over three years has been sanctioned.

Monitoring of economic activities of public limited companies

2883. SHRI SHANTARAM LAXMAN NAIK: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to monitor from time to time, economic and administrative status of key public limited and private